

UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,

Debtor.

In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3284-LTS

PUERTO RICO SALES TAX FINANCING
CORPORATION (COFINA),

(Joint Administration
Requested)

Debtor.

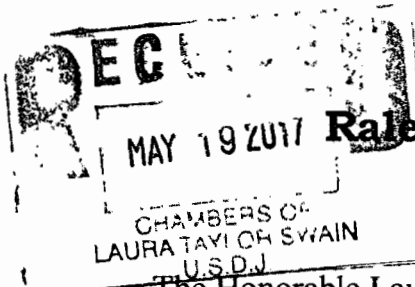
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NOTICE OF CORRESPONDENCE RECEIVED BY THE COURT

The Court has received and reviewed the attached correspondence from interested persons in the above-captioned cases:

1. May 14, 2017 Letter from Michael Rakouskas
2. May 26, 2017 Facsimile from Dr. Gerald Colvin
3. May 27, 2017 Facsimile from Dr. Gerald Colvin

Dated: May 31, 2017



Mr. Michael Rakouskas
5600 Laniel Court
Raleigh, North Carolina 27612-5940

May 14, 2017

The Honorable Laura Taylor Swain
United States District Court
Southern District of New York
500 Pearl Street
New York, New York 10007

Dear Judge Swain:

I retired in late 2006. Shortly after I retired our country experienced one of the most difficult economic downturns in our history, the so-called Great Recession. This was followed by an extremely slow economic recovery combined with a Federal Reserve policy designed to maintain some of the lowest interest rates that savers/investors have ever experienced.

During the last ten years I, as have many of my contemporaries, have been struggling to organize my savings and investments to provide a flow of funds to support my wife and myself in a reasonably comfortable retired lifestyle.

In 2009 and over the next several years I considered several alternatives including municipal bonds as a strategy. Municipal bonds, given their tax exempt status, were an attractive way to increase the returns on my portfolio.

In discussing alternatives with bond advisors, Puerto Rico bonds were recommended as a means of enhancing my returns in a safe way. I was told that not only were they non-taxable at the federal, state and local level but Puerto Rico was prohibited from declaring bankruptcy, thus *policy makers in Puerto Rico would be required to increase taxes or adjust fiscal and expenditure policy to balance its budget*. My principal would be protected as *they would not be able to pass on debt burdens to bondholders*. I purchased all of these bonds when they were classified as investment grade by Standard & Poor's and Moody's. When discussing their degrading classification over the last several years, I was told by bond advisors that due to their protection from bankruptcy, they would continue to be safe investments.

I understand that Congress passed the PROMESA Act which allowed Puerto Rico to, in essence, declare bankruptcy, thus passing on the burden of their debt to their

creditors, i.e. bondholders. Puerto Rico's oversight board, which was established by this Act, has been derelict in its duty to protect bond holders and require the U. S. Territory of Puerto Rico to adopt sensible fiscal policies.

I understand that you have been appointed to adjudicate the Puerto Rico case. The steps taken by the PROMESA Act are an unacceptable, inexcusable, and unfair approach to resolving the state of Puerto Rico's misdirected policies and I trust that you will not allow this to happen. Don't allow Puerto Rico to balance its budget on the back of retirees that are struggling and cannot absorb such a reduction in their assets. I don't understand how my lending money to the government of Puerto Rico can ever result in their debt being my problem and my responsibility. This will be devastating to us retirees!

By maintaining interest rates at such a low level and encouraging purchases of municipal bonds because of tax exemptions, our country has encouraged such investments. *Don't allow this change in the rules of the game which will permit Puerto Rico to reorganize their debt by passing on their debt burden to bondholders!* Congress needs to work with Puerto Rico to help them survive this challenge. If the United States can provide billions to banks and corporate entities to avoid their bankruptcy, surely it can help its own Territory of Puerto Rico overcome its economic challenges.

Whatever is done, at the very least please seek to protect as much of the principal as possible of those of us who, trusting in the law, purchased these investment grade bonds in good faith years ago and did not succumb to selling out our position to hedge funds for pennies on the dollar. Seek a formula which will permit bondholders who purchased long ago and held them to recover a higher percentage of their principal than hedge funds who purchased at a 40, 50, or 60 percent of value in order to maximize their return.

I have attached an article about others who have had a similar experience to me. Please seek a just and equitable solution to this difficult problem. Surely justice can be done for those of us who placed our trust in the law. Thank you for your consideration.

Sincerely,

Michael Rakouskas
919-782-7672

Enclosure

I've lost over \$200,000 on Puerto Rican bonds

by Heather Long @byHeatherLong

February 22, 2016 2:59 PM ET



“
Puerto Rico’s government
says the bonds are in the
hands of vultures.
**I’m not a
vulture.**
”
— Teresa Garcia, age 69

Vultures. People who lent Puerto Rico money and now expect to be paid are being portrayed as greedy vultures.

But Puerto Rico’s \$70 billion debt crisis isn’t just a battle between New York hedge funds and a cash-strapped little island.

About 30% of the debt is held by middle class Puerto Ricans like Teresa and Julio Garcia. Another 15% is held by other “average Joe” Americans who invested in bond funds.

“The government says the bonds are in the hands of vultures. That’s not true,” says Teresa, a life-long Puerto Rican. “I’m not a vulture.”

The Garcias are retirees. They gush about their grandchildren. And they love Puerto Rico. Teresa was born in the city of Ponce — “the most beautiful place,” she claims.

When the Garcias used their life savings to buy about \$500,000 worth of Puerto Rican bonds in 2005, they thought it was a safe — and patriotic — investment. The bonds were AAA rated and backed by the government.

What seemed like a win-win is now a nightmare for the Garcias. They’ve lost over \$200,000.

Many Puerto Ricans face a triple whammy of pain: their bonds are worth a lot less, their taxes are going up and their home values are plunging because of a mass population exodus from the island.

In a special investigation, CNNMoney met with numerous Puerto Rican bondholders. Their stories put a face on the crisis. The government’s latest proposal to pay bondholders roughly half what they are owed would hurt hedge funds, but also regular people.

Related: There’s a big sale on Puerto Rican homes



THE

In 2001, he invested about \$200,000 in the bonds. He says his initial investment has fallen 60%.

De la Noceda is a locksmith, not an investment expert. His financial advisor recommended buying the bonds. Now the advisor claims, "This is something that no one anticipated."

"People say the rich will pay Puerto Rico's debt, but I am not rich" says de la Noceda, who just finished paying for his daughter to attend university and is assisting his 96-year-old mother.

He and his wife run a locksmith businesses. The island's crisis is hurting that too. Companies are closing because of a prolonged recession, and the government is delaying payments that it owes businesses.

De la Noceda used to get paid within about a month of doing a job. Now it typically takes 60 to 90 days, even if he is doing work for a private company.

Related: How to build a \$100 million company out of mud



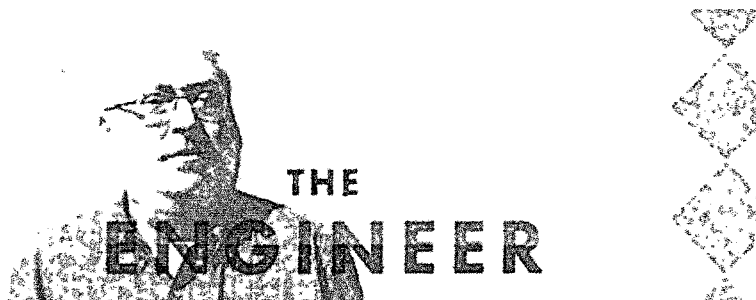
"I will never buy Puerto Rican bonds again," he told CNNMoney. He views his investment as "basically a write off." At age 40, he's lucky he didn't invest too much in the bonds and has time to save more.

Melendez is exactly the type of person Puerto Rico needs right now. He grew up on the island and has a law degree. Fluent in English and Spanish, he became a tech expert and worked in Minnesota for a big U.S. firm for awhile but moved back to the island.

In 2003, he co-founded the software company Wovenware, which now has 32 employees. Wovenware's offices are in San Juan's Santurce neighborhood -- the island's equivalent of Brooklyn. It's a hip area that's one of the few places visibly growing and improving.

"We decided to stay and make it work. Someone has to stay," says Melendez.

Related: Puerto Rico's brain drain crisis



An engineer, de Leon worked for many years at the island's power electric utility (known as PREPA). He'll never forget going to a seminar at PREPA for people who were about to retire. He claims the folks who ran the seminar advised workers to invest in Puerto Rican bonds.

They would be "secure" and "conservative." They came with a good interest rate and special tax exemptions. Plus the workers would be "doing this for Puerto Rico," much like people who U.S. bonds during World War II.

He invested several hundred thousand dollars in 2001 and added more in the following years.

"I cannot recover 40 years of work. This represents the savings of my life," he told CNNMoney. Today de Leon hardly ever goes out to eat. He drives a 1986 car and his work van is from 1996.

Related: Check to see if you have the right investment mix

THE BUSINESS -WOMAN



Around age 55, she went to UBS, one of the big banks on the island. Her financial advisor there told her to put some money into Puerto Rican bonds and some in a fixed income fund. It turns out that fund was also heavily invested in Puerto Rican bonds.

"I cry every day," she told CNNMoney. She has lost over \$1 million. Rodriguez estimates that she has about 36% of her initial investment left. That's how much a firm recently offered her to buy her stake.

"We have worked hard and honestly. They have robbed us of what we have," says Maria.

She and her husband Gabriel are focused on their children and grandchildren. Her daughter has health issues, so she is trying to support her and the little ones.

"I don't spend. I give it all to my grandchildren," says Rodriguez.

Related: John Paulson: Why I invested billions in Puerto Rico

I don't spend. I give it all to my grandchildren, says Rodriguez.

Related John Paulson: Why I invested billions in Puerto Rico



"All of our savings were invested with UBS in Puerto Rican bonds. We were expecting that with Social Security and our bond earnings, we would have enough money to be OK and secure," says Julio Garcia, age 77.

The value of their bonds has dropped in half. Fortunately, they did have other investments, but the majority of their retirement savings was in Puerto Rican debt. Today they receive about \$1,000 less than what they expected each month.

It means they don't go out to movies or dinner much. They save to see their grandchildren in Arizona. Their children moved there because there weren't any jobs on the island for them.

"I have been many places -- Europe, Canada, the U.S., other islands. Still, I find Puerto Rico so beautiful. It's so sad to see Puerto Rico go down hill like this," says Teresa, who will soon turn 70.

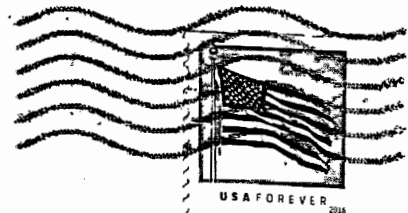
CNNMoney (New York)

First published February 22, 2016: 2:33 PM ET



Mike & Elaine Rakouskas
5600 Laniel Ct
Raleigh NC 27612-5940

RALEIGH NC 275
Research Triangle Region
15 MAY 2017 PM 3 L



The Honorable Laura Taylor Swain
United States District Court
Southern District of New York
500 Pearl Street
New York, N.Y. 10007

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SDNY

10007-193099



Attn: Judge Keara Swain

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MY DAUGHTER IS A BROKER WITH UBS. ON 6/10/2013 I CONTACTED HER AND ARRANGED FOR A PURCHASE OF \$100,000.00 OF PUERTO RICO GENERAL OBLIGATION BONDS (CUSIP # 74514LQA8). I WAS AWARE THE PRICE I PAID (\$98,130.00) WAS THE GOING, MARKET PRICE FOR SUCH BONDS. THESE BONDS CARRIED NO BACK UP INSURANCE. SMALL AMOUNTS OF SAID BONDS WERE RECENTLY BEING SOLD ON THE OPEN MARKET FOR ABOUT SIXTY PERCENT OF FACE (PAR) VALUE.

I AM NOW EIGHTY-SEVEN YEARS OF AGE AND HOPE THE NEW LAW, VIZ. PROMESA, WILL ULTIMATELY PROVE BENEFICIAL FOR ME. I DO NOT UNDERSTAND HOW THE U.S., A SOVEREIGN NATION CAN IMPOSE POWER OVER PUERTO RICO, A SOVEREIGN NATION AND, AT THE SAME TIME, RESTRICT LEGAL ACTION BY THE BOND HOLDERS OF PUERTO RICO'S DEBT. IT IS MY BELIEF THE SO CALLED AD-HOC COMMITTEE, REPRESENTING THE LARGEST ELEMENT OF G O BOND HOLDERS, VIZ. BROKERAGE HOUSES, WILL ATTEMPT TO BRING A CASE TO THE U.S. SUPREME COURT TO CHALLENGE THE LEGALITY OF PROMESA. I BELIEVE IT MIGHT BE WELL FOR ME TO JOIN FORCES WITH THIS COMMITTEE.

Attached to this page are
2 additional pages which I believe
will may be ~~critical~~ critical to the
decision. Judge Swain is about to
make regarding the payments due to
general obligation bond holder
of the Commonwealth of Puerto Rico.
Please send these comments
on ASAP!

Subj: **FYI.... WHO GETS PAID DEBT SERVICE ON PUERTO RICO BONDS**
Date: 2/23/2017 3:27:29 P.M. Pacific Daylight Time
From: Dudegerry@aol.com
To: mensajes@fortaleza.pr.gov
BCC: josh.connolly@mail.house.gov, maria.quintero@hacienda.pr.gov, potus@whitehouse.gov,
president@whitehouse.gov

ON 1/1/2017 COFINA BOND HOLDERS GOT AWAY WITH STOLEN MONEY WHEN THEY WERE PAID ON THEIR BONDS IN LIEU OF THE GO BOND HOLDERS RECEIVING THE DEBT SERVICE DUE THEM ON THAT DATE. THE COFINA BOND HOLDERS SHOULD BE THROWN OUT OF COURT!

COFINA Bondholders Enter Case to Avoid Cut of Bond Payments

Senior holders of Puerto Rico Sales Tax Financing Corp. (COFINA) bonds filed a motion Wednesday to become involved in a court case that pits their interests against those of the commonwealth's general obligation bond holders.

NOW...READ BAND HEED TE FOLLOWING:

HIERARCHY FOR P. R. BOND DEBT SERVICE

TO: ALL PARTIES IN PUERTO RICO WHO HAVE THE POWER TO DETERMINE THE BEHAVIOR OF THE COMMONWEALTH IN ESTABLISHING HOW TO APPLY ITS INCOME TO MEET ITS FINANCIAL OBLIGATIONS:

AS A HOLDER OF GENERAL OBLIGATION BONDS OF THE COMMONWEALTH OF PUERTO RICO, I WISH TO DECLARE MY POSITION AS FOLLOWS: IF THE COMMONWEALTH HAD NOT DECIDED TO ESTABLISH BONDS ISSUED FOR ITS AGENCIES, OTHER THAN BONDS ISSUED AS GENERAL OBLIGATIONS, ALL THE INCOME FROM SAID AGENCIES WOULD HAVE GONE TO THE GENERAL FUND AND WOULD HAVE BEEN AVAILABLE TO SERVICE THE DEBT ON G O BONDS. ERGO, BY ISSUING BONDS FOR THESE AGENCIES, THE COMMONWEALTH WAS ESTABLISHING A POTENTIAL USURPTION OF THE WHEREWITHALL TO SERVICE THE G O DEBT. MONEY. USED TO SERVICE DEBT ON SUCH AGENCY BONDS MUST COME ONLY FROM THE INCOME GENERATED BY THESE AGENCIES. IF SUCH EARNINGS ARE BEING SET ASIDE SPECIFICALLY TO SERVICE THE AGENCIES DEBTS BEFORE BEING SENT TO THE GENERAL FUND THE RESULTS COULD RESULT IN A LACK OF MONEY BEING MADE AVAILABLE TO SERVICE THE G O DEBT. IF THERE IS NOT ENOUGH MONEY TO FROM THE INCOME PRODUCED BY THESE AGENCIES THEN DEFAULTS ON THIER BONDS MUST BE DECLARED. IF THE INCOME OF THE AGENCIES WENT TO THE GENERAL FUND INSTEAD OF BEING SET ASIDE FIRST THEN THE INCOME WOULD GO TO THE GENERAL FUND. IN WHICH CASE SUCH AGENCY DEBT DEFICITS MUST NOT BE REPLACED BY FUNDS EXTRACTED FROM THE GENERAL FUNDWITH

THE TOTAL AMOUNT OF THE FUNDS NECESSARY TO PAY THE DEBT SERVICE ON THE G O BONDS. IN THE EVENT SAID AGENCY BOND HOLDERS WERE PAID FROM SAID SOURCE, WITH THE RESULT THE G O BONDS COULDN'T BE FULLY SERVICED. THIS WOULD CONSTITUTE A USUPTION OF THE WHEREWITHALL FOR G O DEBT SERVICE! THE CONDITIONS UNDER WHICH THE G O BONDS WERE ISSUED SPECIFICALLY PROVIDED G O BOND HOLDERS WITH A GUARANTEE BY THE CONSTITUTION OF PUERTO RICO WHICH MANDATED DEBT SERVICE ON GENERAL OBLIGATION

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FOREGOING DISPOSITION. INDEED, UNLESS PUERTO RICO CONTINUES TO HONOR ITS CONSTITUTIONAL OBLIGATIONS (AS STATED) TO THE GENERAL OBLIGATION BOND HOLDERS, I SHALL JOIN IN THE CLASS ACTION BROUGHT, UNDER SUCH CIRCUMSTANCES, BY SAID CLASS PARTIES, TO HAVE THEIR CASE HEARD AND TRIED BY A U.S. COURT. I AM PRESENTLY THE HOLDER OF \$100,000.00 OF G O BONDS, THE CUSIP # OOF WHICH IS 74514LQA8. THIS SECURITY IS HELD IN MY ACCOUNT AT UBS.

[*]

I HAVE SENT A LETTER REFLECTING THESE COMMENTS TO THE GOVERNOR AS WELL AS

Case:17-03283-LTS Doc#:237 Filed:05/31/17 Entered:05/31/17 12:53:21 Desc: Main Document Page 11 of 13

I HAVE SENT A LETTER REFLECTING THESE COMMENTS TO THE GOVERNOR AS WELL AS TO OTHER PARTIES WITH WHOM THE GOVERNOR CONFERES. I SHALL BE EXPECTING A REPLY FROM HIM DETAILING HIS ACTIONS OR ANY SUGGESTIONS HE WISHES TO MAKE.

SINCERELY, DR. GERALD COLVIN
14 WILSHIRE CT DALY CITY, CA 94015 TEL.# 650 756 2899

P. S. UPON MY REVIEW OF THE LATEST FINANCIAL PROJECTIONS FOR THE COMMONWEALTH OF PUERTO RICO, I NOW REALIZE THERE IS VIRTUALLY NO POSSIBILITY OF FOR THE NEXT TEN YEARS PUERTO RICO WILL FIND ANY WAY TO MEET ITS DEBT SERVICE OBLIGATIONS TO ME OR ANY OTHER HOLDERS OF THEIR GENERAL OBLIGATION BONDS BECAUSE THE TAXES COLLECTED, INSTEAD OF GOING TON THE GENERAL FUND (AND THENCE TO ME AND/OR OTHER GENERAL OBLIGATION BOND HOLDERS), WILL BE USED TO PAY DEBT SERVICE TO COFINA INSTEAD. THIS CONSTITUTES A CRIME AND THOSE WHO SET UP THIS COFINA FAVORITISM SHOULD BE PUT IN JAIL.

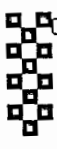


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F A X

TO: JUDGE LAURA SWAIN
FROM: DR. GERALD COLVIN ^{FAY} TEL # 650-756 2894
SUBJECT: COPY OF MY MESSAGE SENT TO PRESIDENT TRUMP
BECAUSE THE ACTIONS (#14-02283) ABOUT TO BE TAKEN IN THE U. S. DISTRICT COURT OF
PUERTO RICO BY YOU, I SENT THE FOLLOWING MESSAGE TO THE PRESIDENT IN HOPES HE'D TAKE
MORE INTEREST IN THE FINANCIAL AFFAIRS OF THE COMMONWEALTH OF PUERTO RICO:

MR. TRUMP: BEFORE THE END OF THIS MONTH U.S. DISTRICT JUDGE, LAURA SWAIN, FOR
THE COMMONWEALTH OF PUERTO RICO, WILL MAKE AN EXTREMELY IMPORTANT DECISION AS TO
HOW THE COMMONWEALTH MUST ALLOCATE ITS FUNDS TO SERVICE THE DEBT ON THE BONDS IT
HAS ISSUED. SHE IS NOW THE KING PIN TO DETERMIN WHO SHOULD BENEFIT IN RECEIVING
PAYMENT ON THEIR BONDS, AND WHO WILL BE DENIED SUCH. NO ONE IN THE U. S. GOVERNMENT
SHOULD HAVE MORE INTEREST THAN YOURSELF IN HOW HER DECISION WILL AFFECT THE U.S.
TREASURY. TAKE A LOOK AT THE FOLLOWING AND CRIT ICALLY CONSIDER (PRSONALY) WHAT YOU
SHOULD OR SHOULDN'T BE DOING REGARDING THIS EVENT!

DEAR SIR: I KNOW..... AND YOU KNOW  YOU ARE NOT ADEQUATELY IN TOUCH WITH THE
FINANCIAL FIASCO IN PUERTO RICO, HOW IT IS AFFECTING YOUR FELLOW CITIZENS OR HOW IT IS
NOW GOING TO AFFECT THE U.S. INCOME IN TAXED DOLLARS TO THE U. S. TREASURY. YOU HAVE
NOT BEEN BROUGHT TO THE FULL CONSCIOUS REALIZATION OF THE FACT THERE ARE

NOW \$70,000,000,000,00   OF DEDUCTIONS TAKEN OFF U.S.
INCOME TAX RETURNS BEING FILED THIS YEAR AND NEXT YEAR DUE TO HOW THE DEFAULT ON
PUERTO RICO BONDS HAS BEEN FELT BY U.S. BOND HOLDERS. IF NOTHING ELSE..... THIS
ADDITIONAL DRAIN ON THE FINANCES AVAILABLE TO THE TREASURY WILL MAKE IT ALL THE MORE
DIFFICULT TO GET THE FUNDS TO BUILD YOUR WALL AT THE BORDER WITH MEXICO TO SAY THE
LEAST. I, FOR ONE, WILL GET A \$100,000.00 WRITE OFF ON MY INCOME TAXES THIS YEAR..